

Adaptation Fund ‘in danger’; Kyoto Protocol in bleak state

Paris, 4 December (Marjorie Williams) – While attention at the ongoing climate talks is focused on a “new Paris agreement”, the state of the Kyoto Protocol of the United Nations Framework Convention on Climate Change (UNFCCC) and its implementation entities is bleak.

Parties at the ongoing eleventh session of the UNFCCC Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol (CMP11) were informed of the perilous state of the Adaptation Fund, which is facing serious challenges of sustainability, adequacy and predictability of funding due to challenges in the carbon market and the voluntary contributions by developed countries. The Fund is “in danger”, according to the CMP11 Vice-President.

The systemic failure of the carbon market also posed serious challenges to the Clean Development Mechanism (CDM), which has had to reduce its operations by one-third and lay off 15 staff members.

Parties were also apprised of the dismal status of the ratification of the Doha Amendment to the Kyoto Protocol: as of 30 November only 55 acceptance instruments were deposited with the depository leaving 89 instruments of acceptance outstanding for the coming into force of the second commitment period of emissions reduction under the Protocol.

All these emerged at the CMP11 meeting on 2 December.

Consequences of carbon market failure

Adaptation Fund in danger: The Adaptation Fund, according to the report presented to the CMP by the Adaptation Fund Board President, allocated US\$ 321 million which benefitted over three million women, men and children in developing countries is now, in the words of the CMP Vice-President “in danger and must be saved”.

This remark was in response to the presentation of the report of the Adaptation Fund Board under agenda item 7 of the CMP11. The Fund faces the challenge of sustainability due to the collapse in the carbon market and lack of funding by developed countries. The Fund, which is in high demand, particularly for its readiness funding, was recently independently evaluated and lauded for its pioneering work on direct access.

The independent evaluation praised the Fund for delivering on its work and making an essential contribution to adaptation activities. The Fund was also cited as a learning institution, whose approach is in line with the latest thinking and which has made major advances in climate finance and works coherently with UNFCCC guidelines and national adaptation plans.

The Fund’s Board has set a goal of mobilising US\$160 million for the period 1 January 2014 – 31 December 2015, but remains US\$78 million short of target. It has been determined that the Fund requires about US\$8 million per year to ensure sustainability.

Recently, Luxembourg and Sweden made pledges but this is not sufficient for sustainability. Thus the Adaptation Fund Board is seeking a COP decision/mandate for formal linkages with the Green Climate Fund (GCF) possibly linked to paragraphs 33-34 of the Governing Instrument of the GCF.

A draft decision presented in Annex 1 of the report of the Adaptation Fund focused attention of the COP and Annex I Parties on measures for the diversification of revenue stream of the Fund.

In concluding the agenda item on the report, the Vice-President established a Contact Group co-chaired by Richard Mungi of Tanzania and Herman Sips of The Netherlands to work on the request to explore operational linkages between the Adaptation Fund and the GCF. The Contact Group will work until 9 December.

Staff lay-off at the CDM: Item 4 of the CMP11 agenda dealt with the CDM that is now in its 14th year of operation.

In the discussion of the *Annual report of the Executive Board of the clean development mechanism to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol*, it was noted that the CDM is in a bad state of affairs with the Executive Body of the entity forced to reduce its programme by one-third including the laying-off of 15 staffers, due to the continuing disastrous state of the carbon market.

The deteriorating status of the carbon market and low level of use by Parties have led to low demand and low prices for the certified emission reductions (CERs) produced by CDM-registered project activities and programmes of activities. As a result, the Executive Board has tried to increase demand with measures such as the launch of an online platform for the voluntary cancellation of CERs.

[In Doha at COP18, the European Union announced that it would prioritise CDM projects for Least Developed Countries (LDCs) and Small Island Developing States (SIDS) due to the geographic imbalance in the distribution of CDM projects. CDM projects naturally are drawn to locations with high mitigation activities, which is not the case for LDCs, SIDS and most African countries. Observers have remarked that the EU's announcement may have turned out to be gratuitous, as SIDS, LDCs and African states will not benefit from a declining carbon market.

Many civil society organisations have also remarked that reliance on the carbon market is fraught with challenges and thus there should be more caution with over-expectations of carbon markets as a solution to financing activities to address the climate challenge.]

Challenges to increasing Annex I mitigation ambition in pre-2020 period

Under agenda item 2(e) on *Status of ratification of the Doha Amendment to the Kyoto Protocol* of the CMP11 agenda, it was noted that there are 192 members to the Protocol and 144 are needed for the official

implementation of the Doha Amendment. But with less than 50% of Parties having ratified the Doha Amendment, things are looking extremely dismal for mitigation ambition in the pre-2020 period. This state of affairs led to the call by the Vice-President of CMP11 for the ratification as soon as possible.

In a related agenda item 8 on *Report on High Level Ministerial Roundtable on increased ambition of Kyoto Protocol Commitments*, China battled alone for the formation of a Contact Group to work further on the issue and to have concrete results that would raise the ambition of the pre-2020 pledges/targets of Annex I Parties (developed countries and countries with economies in transition). Arguing that the Kyoto Protocol is an important part of the Durban Package, China fought to overcome the objection of the European Union (supported by Australia and Norway) to the Contact Group.

(Under the Durban Package, the Ad hoc Working Group on the Durban Platform for Enhanced Action (ADP) comprises two workstreams: workstream 1 on 'a protocol, another legal instrument or an agreed outcome with legal force' that will enter into force for the post- 2020 period, and workstream 2 on a decision for pre-2020 climate actions.)

Though the CMP11 Vice-President initially ruled in favour of the Contact Group, the EU subsequently raised objection to its establishment, arguing that the process has ended and that the CMP plenary should simply take note of the report without further consideration.

After China's strong insistence, the Vice-President proposed that Paul Watkins of France lead an informal consultation to find a way forward.

Many observers in the room commented on the lack of responsiveness to the issue of the Kyoto Protocol and increasing the pre-2020 ambition by the numerous African and SIDS delegates in the room, though the Protocol had been such a strong rallying cry for the Africa Group, the LDCs and AOSIS in previous years.

(Edited by Chee Yoke Ling)